

0015-60-4010

11 NOV 1960

Honorable Maurice H. Stans
Director
Bureau of the Budget
Washington 25, D. C.

Dear Maury:

I refer to my letter of 3 October 1960 giving reasons why I felt the Central Intelligence Agency should be excepted from the general policy which calls for a three per cent reduction in personnel during Fiscal Year 1961 and to a recent letter to our Comptroller from Mr. Irving J. Lewis, the Acting Chief of the International Division, which suggests that we effect the three per cent reduction in Headquarters Personnel only. Based on the assumption that we will make such reduction at Headquarters, Mr. Lewis advises us that the Bureau still declines to release from the Contingency Reserve [redacted] requested to finance the increased costs of the 1960 Pay Act. We estimate that the Pay Act will actually cost [redacted] during Fiscal Year 1961 but we had agreed to absorb \$1 million of this amount through reprogramming.

The size of our Headquarters staff has, as you know, concerned me for some time and we have made real efforts to reduce. In fact, during Fiscal Years 1959 and 1960 we reduced almost three per cent despite the fact that our responsibilities and workload increased considerably. However, I do not believe that it is reasonable to expect us to continue to do this. After careful consideration I authorized an [redacted] to be included in the Fiscal Year 1961 Operating Budget. Of these, [redacted] are at Headquarters for essential expansions such as our Junior Officer Trainee, Counter Audio and Close COMINT Support Programs. In addition, it is quite likely that we will have to accelerate our planned expansion of the Photographic Intelligence Center and authorize an increase of [redacted] positions during Fiscal Year 1961 which we had not contemplated until Fiscal Year 1962. I feel confident that you would agree that these increases are

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entirely justified. We will continue our effort to reduce elsewhere but I do not believe that it will be possible to offset these essential increases, much less make an additional three per cent reduction. I hope you will agree that we should not be required to divert additional funds budgeted for operations to defray the cost of the 1960 Pay Act.

I earnestly request your further consideration of this matter and release of the full [] which we requested. I, of course, would be glad to discuss this matter with you in more detail at any time.

Sincerely,

Allen W. Dulles

Director

DD/S:LKW:ecb

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CONCUR:

[]

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[]
Deputy Director
(Support)

25X1

S. M. L.

Date

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62-8682-1

8 November 1960

MEMORANDUM FOR THE DIRECTOR

SUBJECT: Funds to Defray Cost of the 1960 Pay Act

The 1960 Pay Act will cost us an estimated [] which was not provided for in our Fiscal Year 1961 Budget. We agreed to absorb [] of this amount through reprogramming and requested that the remaining [] be released from the Agency Reserve. The Bureau of the Budget declined to approve this request because our estimate did not provide for a 3% personnel reduction during Fiscal Year 1961 which they had requested we make. Therefore, on 3 October you wrote to Mr. Stans giving the reasons why we felt that we could not make this reduction and asked him to reconsider our apportionment request. Recently, we received a letter from the International Division releasing the [] [] In this letter the Bureau recognized the necessity for establishing certain new overseas posts but suggested that we attempt a 3% reduction in headquarters personnel. The [] reduction was computed on the assumption that we would be able to do this by the end of Fiscal Year 1961.

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The attached proposed letter again requests Mr. Stans to reconsider this matter and release the full [] I suggest that you sign it "Allen" in order to make it clear to Mr. Stans that you have personally given a great deal of consideration to this matter.

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Recommend signature.

[]

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L. K. White
Deputy Director
(Support)

cc: DDCI